

01/10/2007 - MSF



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P.O. Box 4759
Helena, MT 59604-4759
Underwriting (406) 444-6440
Customer Service (800) 332-6102
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Renewal Payroll Survey

Date Received
EXHIBIT 1
DATE 2-20-07
HB 757

For Office Use Only

[Redacted]
[Redacted]
[Redacted] MT [Redacted]

Team: [Redacted]
Policy Number: [Redacted]
Date Issued: 01/02/2007
Due Date: 02/01/2007
Policy Status: Active
Survey Period: From 04/01/2007
To 04/01/2008

** IMPORTANT NOTICE **

Estimated premium for the renewal policy period will be determined by the State Fund if this survey is not received in our office by the due date.

Estimated Earnings for this survey should include dependent family members and employees engaged in any listed optional coverage. Do not include estimated earnings/elected coverage level for covered Corporate Officers, Partners, LLC Managers, LLC Member Managers or Sole Proprietors on this survey.

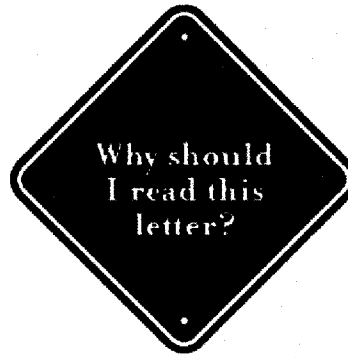
Non-residents

04/01/2007 - 04/01/2008

CLASSIFICATION AND EARNINGS

Persons Covered	Code	Description	Estimated Earnings			
			Jan. to Apr.	Apr. to July	July to Oct.	Oct. to Jan.
ALL OTHER EMPLOYEES	0042-00	LANDSCAPE GARDENING & DRIVE	30,000	50,000	67,000	65,000
	5183-01	PLUMBING NOC & DRIVERS				

Total Number Estimated Employees	Full-time:	4	Total Estimated Earnings:	30,000	50,000	67,000	65,000
	Part-time:	7					



POLICY YEAR 2007

What is in this letter and why should I read it?

The enclosed Workers' Compensation Policy Information Page provides your estimated costs for workers' compensation insurance for your policy with an effective date for Policy Year 2007 (July 1, 2006 to July 1, 2007). This letter corresponds with your enclosed policy information page and explains the information it contains. Please take the time to carefully read this letter and the policy information page. We encourage you to place this information in your permanent records.

If you no longer need the policy, you must request cancellation before the effective date.

Call your agent or our office at 1-800-332-6102 or 1-406-444-6500 if you have any questions.

WORKERS' COMPENSATION POLICY INFORMATION PAGE

Section 1-Insured: States the legal entity, address and agent, if applicable.

Section 2-Policy Period: Defines the period of coverage.

Section 3-Coverage: Displays what is covered, limits of liability and principal participants.

Section 4-Premium: Displays your payment schedule, payroll and rates.

The **Payment Schedule** payment amounts are based on your estimated premium. For deposit type policies, payment schedules are not applicable.

Classification Codes, Estimated Payroll and Rates are shown for each classification code assigned to your policy.

Estimated Premium is based on reported or estimated payroll (factored for inflation) by class code for:

- class codes assigned for more than one year; actual payroll reported by you or as determined by audit; is used to estimate future premium;
- class codes assigned one year or less; estimated payroll provided by you is used to estimate future premium, unless reported payroll exceeds the estimates provided by you.

Estimated manual premium is calculated by applying the rate of each class code to its estimated annual payroll, and totaling those amounts. If your estimated payroll appears incorrect, please contact us so we can make the necessary adjustment.



Montana State Fund

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Premium Modifiers are assigned to qualified policies. A factor of less than 1.00 decreases the premium and a factor greater than 1.00 increases premium. Any "premium modifiers" shown are applied resulting in modified standard premium.

- **Experience Modification** is a mandatory program, based on premium size. If your premium in the last two or three previous years averaged \$5,000 or more per year, an experience modification factor is assigned to your policy. The factor is based on your individual accident experience for the last three years prior to the most current year.
- **Construction Credit** factor is assigned if your business submitted an application and qualified for the Policy Year 2007 construction industry premium credit program.
- **Scheduled Rating** factor may be assigned to your policy to acknowledge unique characteristics of your business or for participating in a group or association program.

To determine your estimated final premium a **Volume Discount** is applied based on the following schedule.

Volume Discount Percentages July 1, 2006 to July 1, 2007	
<u>Modified Standard Premium</u>	<u>Percentage Discount</u>
\$0 - \$12,000	0.0%
\$12,001 - \$150,000	5.0%
\$150,001 - \$750,000	7.0%
Over \$750,000	9.0%

Expense Constant is an annual assessment to all policies to absorb a portion of the costs associated with administering a policy. The expense constant is not included in your estimated premium amount and will be billed as a separate item.

Montana law requires us to collect the **Department of Labor Regulatory Assessments**. The assessments are a percentage of your premium and will be billed with your premium. Failure to pay the assessments may result in cancellation of your policy. The Department of Labor annually determines the amount of the assessments that must be collected by each insurer. Each insurer is then required to transmit the assessment to the Department of Labor. The assessments for this policy year 2007 will be:

- **Workers' Compensation Regulatory Assessment Surcharge:** 1.6092%
- **Subsequent Injury Fund Assessment:** 0.0000%

Terrorism Premium: The Federal Terrorism Act requires a terrorism premium be charged to all policyholders at a .02 cents rate per \$100 of payroll. The terrorism rate is not subject to any other modifications. If you are reporting payroll more often than annually, you will not see the charge on the Payroll and Premium Recap or Policy Invoice until the entire policy period is reported or audited. Please note to accrue this amount.

Deposit Required: The information page shows your current deposit required for Policy Year 2007.

Minimum Premium: Minimum Premium is \$370.00, which includes expense constant. Policies with an estimated premium less than the minimum will be billed \$370.00. The \$370 amount will be charged whether the policy period is one day or more.

Insurance Operations
SF-MIS LF233B (Rev 05/06)



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